

OOC-1268  
Copy 1 of 10

2 February 1961

MEMORANDUM FOR THE RECORD

SUBJECT : Insurance Coverage For Passengers Aboard 1649 #1061

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1. On 15 January 1961 [REDACTED] and the undersigned conferred with [REDACTED], Deputy General Counsel, concerning the possibility of DPD negotiating a flight insurance policy with the [REDACTED] to cover civilian contractors and U. S. Government military and civilian personnel who would utilize the OAKLAND shuttle.

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2. [REDACTED] stated that the Agency's policy concerning insurance coverage of CIA employees flying on non-scheduled aircraft had been set forth in OOC-9-1274(a) dated 24 November 1959 which concluded that flight insurance was a personal matter and that the Agency offers adequate coverage through benefits under the Federal Employees Compensation Act and personal insurance policies available through the GCHA facilities.

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3. Upon this reiteration of Agency policy we dropped the idea of the Agency purchasing insurance directly. We also explained to [REDACTED] that Lockheed maintains an insurance policy to cover passengers on board Lockheed-owned-and/or-operated aircraft, and showed [REDACTED] Lockheed's Insurance Instruction #440. We queried whether or not under the above-stated policy DPD could be a party to a contract with Lockheed which provided insurance benefits to Government employees since the Government was indirectly paying for the insurance coverage as partial overhead costs on the Lockheed contract. In reply Mr. [REDACTED] set forth several questions which had to be clarified with Lockheed; namely, could the Government employees be excluded from the insurance policy thereby resulting in a reduced premium and are the terms of the policy so stated that we could identify costs involving Government employees.

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4. On 27 January 1961 the undersigned advised [REDACTED] of the contents of [REDACTED] 1071 which indicated that although the premiums are paid on a per head basis, government personnel could not be excluded simply by our failing to include them in the number of passengers carrying them. Such exclusion would require amendment to the insurance

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policy and such amendment would have to be reasonably specific, i.e. identify the Government agency involved. Since such identification would constitute a security problem, [REDACTED] agreed that it would be in the best interest of the United States Government not to seek such exclusion and that the insurance coverage which would befall Government employees could be considered windfall or fringe benefits.

5. Accordingly we have advised Lockheed that the terms and conditions of their proposed insurance coverage are acceptable to the U. S. Government and we have cancelled further negotiations with the [REDACTED]

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[REDACTED]  
Executive Officer

D.B.D./P

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